



**Aalto University**  
**School of Business**

# **ICT systems supporting strategic HRM**

**Executing strategy through e-HRM  
systems in autonomous working  
environments**

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### **Abstract**

The purpose of this paper is to provide understanding on the possibilities of combining e-HRM and organization's strategy in autonomous working environments. As the HRM function is often seen as a separate function instead of being an active participant in strategy execution, my aim is to find ways of bringing the HRM function closer to the organization's strategic work through ICT systems. As the working world is rapidly changing towards more independent ways of working, the research is limited to organizations with highly autonomous employees. Using ICT systems in HRM is not a new phenomenon, and the use of e-HRM systems have raised a discussion about whether the computer mediated communication in HRM leads to alienation and loss of human touch in organizations. In this paper I aim to find ways of combining the usage of ICT systems in strategic HRM without losing the human connection. Presented ideas and suggestions are based on literature review and interviews representing different sides of the issue. The results of this research suggest that even though the first reactions to e-HRM applications are often hesitant, successful ways of development and implementation have been found. In conclusion the research suggests that implementing successful and truly strategic e-HRM applications is possible even in autonomous working environments, when the end users are placed in the center of attention while developing and implementing the e-HRM system.

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**Keywords** e-HRM, SHRM, autonomous work

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# **1 Introduction**

The aim of this paper is to shed light on the possibilities of electronic human resource management (e-HRM) as a strategic tool for organisation's top management in an environment of highly autonomous employees. As different ICT (information and communication technology) systems are increasingly taking over corporate life, it is logical to acknowledge their value as a strategy builder and executer. Interestingly at the same time the themes of soft values in HRM and leadership are spreading and more attention is being paid to employee wellbeing, job satisfaction, involvement and inner motivation (Mantere and Vaara, 2008). As ICT systems are often seen to have negative effects on the personal leadership and connection between different people and parts of the organisation (Stone and Lukaszewski, 2009), I find it interesting to research the crossover between e-HRM and the new, supportive and dialogical leadership style.

Both strategic human resource management (SHRM) and e-HRM have been widely studied during the past few decades and the research keeps growing continuously. In this paper I will focus on the strongest trends of SHRM and discuss how e-HRM could support the presented goals and ideas. Even though the current e-HRM mostly concentrates on managerial processes such as payroll, there is a lot of unused potential in the area of more complex decision-making (Marler and Parry, 2016). Based on the research on SHRM and e-HRM fields, the biggest challenge in combining the two seems to be the possible loss of personalised touch and human connection. I hope to provide some insight of the strategic aspects of the e-HRM, as they have not yet been widely researched.

As the working culture is changing and highly autonomous work is becoming more of a norm, its role in combining the e-HRM and SHRM should no be ignored. Autonomous work oftentimes requires strong intrinsic motivation and creativity (Quinn et al., 1996), and therefore those aspects are taken into account in this research. Different motivation theories have been developed over time and in this research the arguments about the motivators of autonomous workforce will be supported with the self determination theory (Gagné and Deci, 2005) and two articles about leading creative workforce (Mumford et al., 2002; Amabile, 1998) as well as Martela and Jarenko's (2015) observations about leading the intrinsic motivation and creativity.

The importance of the research is evident, since there seems to be a heated discussion

about work life digitalization and its negative effects (Francis et al., 2014; Stone and Lukaszewski, 2009). Simultaneously, and partly because of the mentioned, the strongest trends in HRM and strategy are engagement, independence, discussion and creativity (Marler and Parry, 2016; Mumford et al., 2002). HRM cannot be a separate 'bubble' in the organisation anymore, but HRM and top management need to work closely together to reach the best results (Henry, interview 2018).

## **1.1 Research objectives and research questions**

My goal is to find ways to connect the HRM function closely to the organisation's strategy through e-HRM systems. In other words, my interest lies in developing strategic human resource management (SHRM) through e-HRM in an environment of autonomous workforce. The specific research questions are presented below. The first two questions lay a foundation for the research, providing understanding about different sides of the issue. The third question is the main research question, concentrating on the possibilities of strategic e-HRM in autonomous working environments.

**1. What are the biggest issues in the current e-HRM systems and how could they be addressed?**

**2. What are the strongest trends in the area of SHRM?**

**3. How can e-HRM make the HRM more strategic in autonomous working environments?**

## **1.2 Scope of research**

I will limit my observations and recommendations to organisations of highly autonomous and creative employees. I have chosen to limit my research to the said group, because I have personal experience in leading a team of highly autonomous creative minds. Even with this limitation the research is relevant for a wider community because it is believed that creativity and independence will be the driving forces of the organisations in the future economic situations (Mumford et al., 2002). Self-motivated creativity combined with professional intellect is also found to be a crucial component of high performing teams, leading to innovations (Quinn et al., 1996). In addition to personal preference and interest it is stressed that the same kind

of HRM system does not work for all different kinds of employees (Jiang and Messersmith, 2018). Having this in mind, it is logical to limit the scope of the research only to one type of employee group.

Apart from focusing on certain type of organisations, the scope of the research is limited to what is considered ‘western’ working culture. The limitation is logical as most research is performed in Europe or The United States and all of my interviewees represent the working culture in question. As the scope of the research is limited, I will focus only on this type of organisations. It should be noted that sub sections of different organisations can possess the presented characteristics even though the whole organisation would not fit the description. The limitations of the research will be discussed in more detail in chapter 6.1.

### **1.3 Structure of the research**

The remainder of this thesis is structured in the following manner. Chapter 2 provides the theoretical background for the research in areas of e-HRM, SHRM and leading autonomous workforce. The e-HRM section provides understanding on the implementation and people perspective of the e-HRM as well as an overview of the existing but limited research on strategizing the e-HRM. The SHRM section aims to provide an understanding of the available research and trends in the field, while Chapter 2.3 provides an understanding of the aspects of leading autonomous workforce, with strong emphasis on intrinsic motivation and creativity, and their connections to e-HRM.

Chapter 3 presents the methodology of the research, while Chapter 4 concludes the performed interviews. Finally, in Chapter 5 the results of the research are presented. In Chapter 6 I will provide my ideas and suggestions for future research and practise as well as discuss the limitations of this research.

## 2 Theoretical background

As the aim of the research is to provide insight for the development of a well functioning strategic e-HRM system for autonomous working environments, three components need to be taken into account: ICT systems used in HRM (*e-HRM*), the nature and requirements of *autonomous work* and finally, the company's *strategy*. These areas are illustrated in Figure 1. The research focus is in the core of the illustration, combining the three areas.

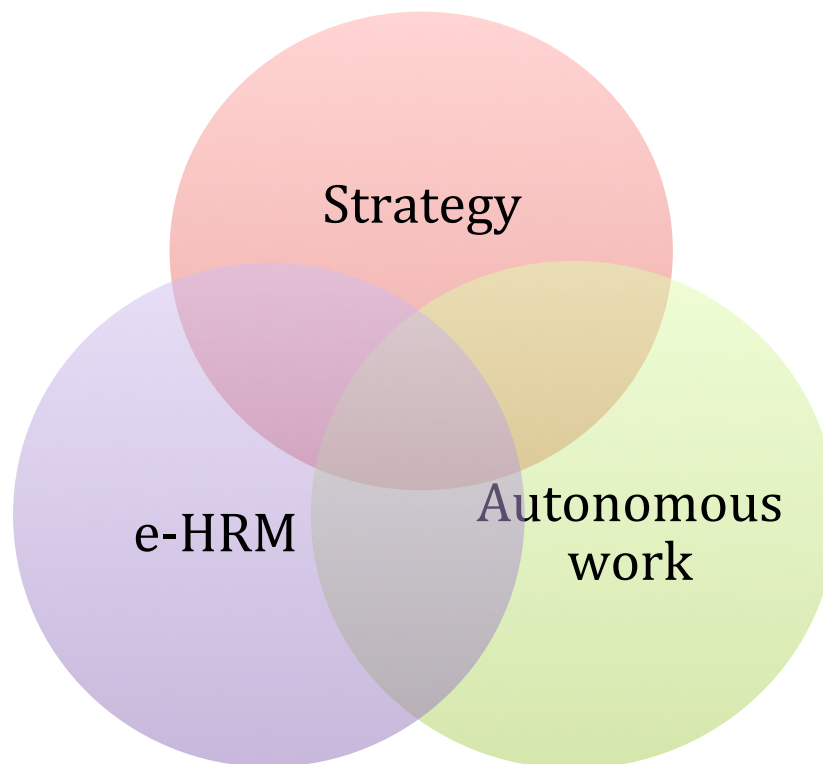


Figure 1, illustration of the research focus

Research of all of the three areas separately can be found, and the question of the possibility of using e-HRM as a strategic tool has been raised. However, there seems to be no comprehensive research on the topic of strategic e-HRM. Even though the research field of strategic e-HRM is still taking its first steps, trends of e-HRM and SHRM show signs of going to the same direction. While the e-HRM field has evolved from cost reduction to a more comprehensive approach on the HRM function, the SHRM research has acknowledged the importance of participation and innovation, which in large groups is greatly facilitated through different online platforms (Hutter et al., 2017). One emerging concept to address the need for participation is open strategy (OS), which brings together the strategy planning and online platforms, but is missing

the HRM aspect. In Section 2.2.3 I will discuss the OS concept in more depth from the point of view of SHRM.

## **2.1 Electronic human resource management (e-HRM)**

E-HRM can be understood in several ways and there seems to be no widely accepted definition of e-HRM. Bondarouk and Ruël (2009) defined e-HRM as “an umbrella term covering all possible integration mechanisms and contents between HRM and Information Technologies aiming at creating value within and across organizations for targeted employees and management”. In practise, the e-HRM can cover some of the traditional HRM functions such as payroll, recruitment, training and knowledge management.

Even though the HRM function was one of the early adopters of ICT in the 1980's, e-HRM has mostly been seen as a facilitator for the administrative processes (Bondarouk and Ruël, 2009). A technocratic discourse seems to be leading both the research and discussion on e-HRM, and it might lead to risking the humanness, autonomy and wellbeing of managers (Francis et al., 2014).

### **2.1.1 Implementation of the e-HRM and the effect on the people involved**

It has been argued that in spite of the massive amount of research in the take-up of e-HRM applications, the field lacks investigation on the impact of e-HRM on the people involved (Francis et al., 2014) and transformational HRM practises (Bondarouk and Ruël, 2009). One of these effects seems to be a decreased influence and involvement to the communication process, as well as developing more negative attitudes towards the company. This seems to happen especially in the case of impersonal messages, which often create an impression of alienation and lack of care for the company's employees. (Stone and Lukaszewski, 2009).

As successful HRM is often closely tied to the HRM professionals' key social skills, the distancing of HRM from individual managers and employees seems counterintuitive (Francis et al., 2014). It has also been shown that computer-mediated communication seems to decrease the level of understanding the information and lead to less action and engagement compared to traditional forms of communication (Stone and Lukaszewski, 2009). While e-HRM often brings down the costs and offers



opportunities for better strategic involvement, the adoption of e-HRM restructures the social relationships within the company. HRM professionals are free to concentrate on the strategy as part of the administrative work is devolved to the line managers and employees, who are expected to independently use the e-HRM systems. (Francis et al., 2014; Bondarouk and Brewster, 2016). At this point, it is logical to raise the question whether e-HRM is actually making the HRM function more strategic or just moving the workload from one place to another. The company's aim to be 'efficient' in the HRM function might actually leave the employees unmotivated and lead to negative overall results, as the employees feel that they are not heard or cared about (Francis et al., 2014).

The risk of alienation is not obsolete, as the technology-mediated HRM tends to have more of the characteristics of a 'self service' and work becomes more systems-led and mechanized (Francis et al., 2014). Thus, e-HRM applications can only reach their full potential when they are designed to capture the individual's attention and all of the user groups acknowledge their usefulness (Stone and Lukaszewski, 2009; Bondarouk and Ruël, 2009). Communication channels that enable two-way communication are typically more effective than one-way systems, and yet most of the current e-HRM systems only offer possibilities for one-way communication (Stone and Lukaszewski, 2009).

Previous research suggests that it is difficult to create trust within the organisation through computer-mediated communication, as the channel, personalization of the message, information richness and one-way versus two-way communication all affect the acceptance and effectiveness of the systems. (Francis et al., 2014; Stone and Lukaszewski, 2009). Previous research also calls for more attention on placing humanity at the centre of discussions about e-HRM and finding ways to facilitate the dialogue between line managers, employees and HRM specialists, instead of creating more tasks and heavy processes (Francis et al., 2014; Henry, interview 2018).

Successfully introducing e-HRM systems or add-ons into organizational life requires interdisciplinary comprehension and expertise as well as modernisation of the HRM profession (Bondarouk and Ruël, 2009; Henry, interview 2018; Mumford et al., 2002). It has to be kept in mind that introducing an e-HRM system drastically changes the dynamics in the organisation and might have a significant effect on individuals' attention, comprehension and attitudes (Stone and Lukaszewski, 2009).

### **2.1.2 Strategizing the e-HRM**

There is a clear trend of strategizing the e-HRM from 2006 onwards as the companies started to pay more attention on the possibilities of e-HRM in talent acquisition, performance management and compensation management (Bondarouk and Ruël, 2009; Stone and Lukaszewski, 2009). E-HRM tools are rarely independent applications but often part of a bigger management information systems including financial and other information, such as ERP (enterprise resource planning) programmes (Bondarouk and Ruël, 2009).

The trend of strategizing the e-HRM systems can also be seen in the research field, as there has been a significant growth in the number of published articles in the field from 2007 onwards. However, the discussion around e-HRM still seems to be led by cost reduction on different HRM responsibilities (Bondarouk and Ruël, 2009). The vast amount of modern sharing economy platforms such as Uber and AirBnb are guiding the way and continuously proving that through information and resource-sharing, technology can create significant value apart from just simple cost reductions. As strategy as its purest form is a plan of optimally sharing the information and resources available, possibilities of strategizing the information rich e-HRM systems are endless.

## **2.2 Strategic human resource management (SHRM)**

In the new kind of dynamic environment organisations can no longer trust in hierarchy and strict management chains, but they have to rely on the individuals' proactivity (Martela and Jarenko 2015, 20; Wright and McMahan, 2011). Because the working environment is changing, the HRM function needs to be ready to change too (Bondarouk and Ruël, 2009; Henry, interview 2018; Mumford et al., 2002). It has been shown that the employees who receive the best SHRM support such as internal job ladders and relevant training, are the most committed to the organisation (Adresi and Darun, 2017) and so contribute on the organisation's success.

SHRM as such is not a new area of research, in fact the field has been given a significant amount of attention over the past 30 years (Jiang and Messersmith, 2018). The strategic interest of HRM can also be clearly seen in the number of articles published between 1990 and 2018. SHRM has been defined as "the pattern of planned HR deployments and activities intended to enable an organization to achieve its goals"

(Wright McMahan 1992; 298). However, there has been a significant increase in research concentrating on human capital as a strategic resource as such, instead of just the SHRM processes (Boon et al., 2018).

While traditional HRM focuses on individual HRM practises such as recruitment and training, SHRM aims to take a broader view on how to help the organisation to achieve its strategic goals (Boon et al., 2018; Barney and Wright, 1998). As most of the organisations' goals are closely connected to generating profit, HRM executives should try to find ways to either reduce the total costs of the company or increasing the revenues (Barney and Wright, 1998). While HRM has been moving closer to the company's strategy, the strategic planning has also moved closer to the employees, as the traditional managerial view on the strategic planning has changed towards a more participative approach (Mantere and Vaara, 2008). This approach is in line with the notion of human capital gaining a more central role in the creation of competitive advantage. Finding ways of promoting both organizational success and employee wellbeing simultaneously leads to sustainable and effective SHRM processes (Jiang and Messersmith, 2018).

The meta review on strategic human resource management by Jiang and Messersmith, (2018) suggests that a fixed kind of an HRM system cannot be adopted to manage all kinds of employees. When researching SHRM it is crucial to understand and specify what types of employees are affected by the HRM system in question. Only after this crucial understanding, particular practises can be developed (Jiang and Messersmith, 2018). It should also be remembered that in order to provide the best kind of support to the middle managers in the strategy execution, the HRM processes should be flexible and change in parallel with the company's strategy (Henry, interview 2018).

### 2.2.1 The connection between HRM and organisation's performance

Even though a significant amount of research has been conducted in the field of SHRM and the connection between HRM and performance, there still seems to be much more to learn about the mediating mechanisms (Jiang and Messersmith, 2018; Wright and McMahan, 2011). As a result of performing deeper levels of analysis about the connections of HRM, individual's attitudes and firm's performance, the use of psychological theories has increased in the SHRM research (Boon et al., 2018).

Even though human resources are often claimed to be the most valuable asset, companies don't always show how the strategic value of HRM is actually recognised in

practise (Barney and Wright, 1998) or in the use of e-HRM (Bondarouk and Ruël, 2009). Many of the organisations' top leaders do not seem to acknowledge the value of HRM and the effect it could have on the company's overall performance, but rather see HRM as a separate function on the side of the 'real business' (Barney and Wright, 1998; Henry, interview 2018; Laakso, interview 2018). It seems that during the past two decades, while HRM research field has increasingly concentrated on developing the HRM *practises* (and not *humans* as such), the strategy research has discovered the value of human capital (Wright and McMahan, 2011). Reflecting on this notion, it is fairly easy to understand why the top management feels frustrated with HRM.

The AMO framework (Appelbaum et al., 2000) has been widely used in the research of SHRM from its introduction, in explaining the linkage between HRM and the company's performance. According to the AMO framework performance is a function of three variables: Ability, Motivation and Opportunity (Figure 2). *Ability* refers to variables like knowledge, experience and education, *motivation* refers to variables like job satisfaction, personality and values and finally *opportunity* refers to variables like working conditions, materials, procedures and time. To ensure employees' superior performance and organisation's success, all of the three components presented are essential (Appelbaum et al., 2000; Marin-Garcia and Tomas, 2016). However, given the contextual and individual factors, creating a HRM model that fits all of the three variables suggested by the AMO model is not an easy task (Marin-Garcia and Tomas, 2016).

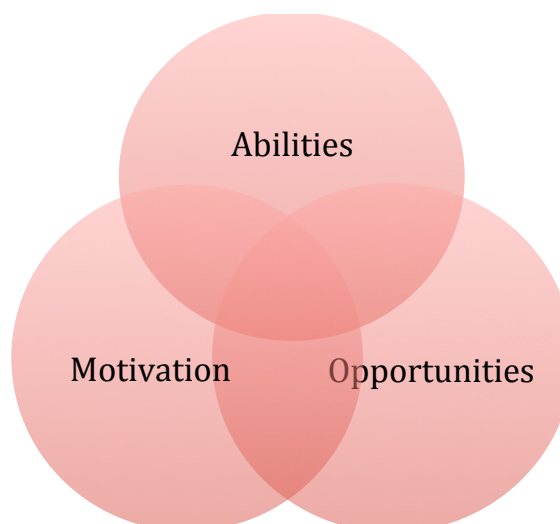


Figure 2, the AMO framework by Appelbaum et al. (2000).

## 2.2.2 Creating sustainable competitive advantage through SHRM

In the aim of creating competitive advantage the firm needs to possess unique resources or processes (Delery and Roumpi, 2017). As human capital is one of any organisation's most important assets (Martela and Jarenko 2015, 20; Barney and Wright, 1998), SHRM should be implemented in a unique way that cannot be copied (Boon et al., 2018; Barney and Wright, 1998). In other words, the gained advantage needs to be sustainable. Even though discussion has been raised whether or not HRM can actually be inimitable, it seems that the social complexity, interconnectedness with other resources, causal ambiguity and path dependency makes a well implemented HRM model unique and non-imitable (Delery and Roumpi, 2017). The VRIO model (Barney 1997, 163) provides a framework for gaining deeper understanding on how organisations can gain competitive advantage. In this paper I will use the VRIO framework (Figure 3) as a sounding board while considering different SHRM systems, together with the AMO model.

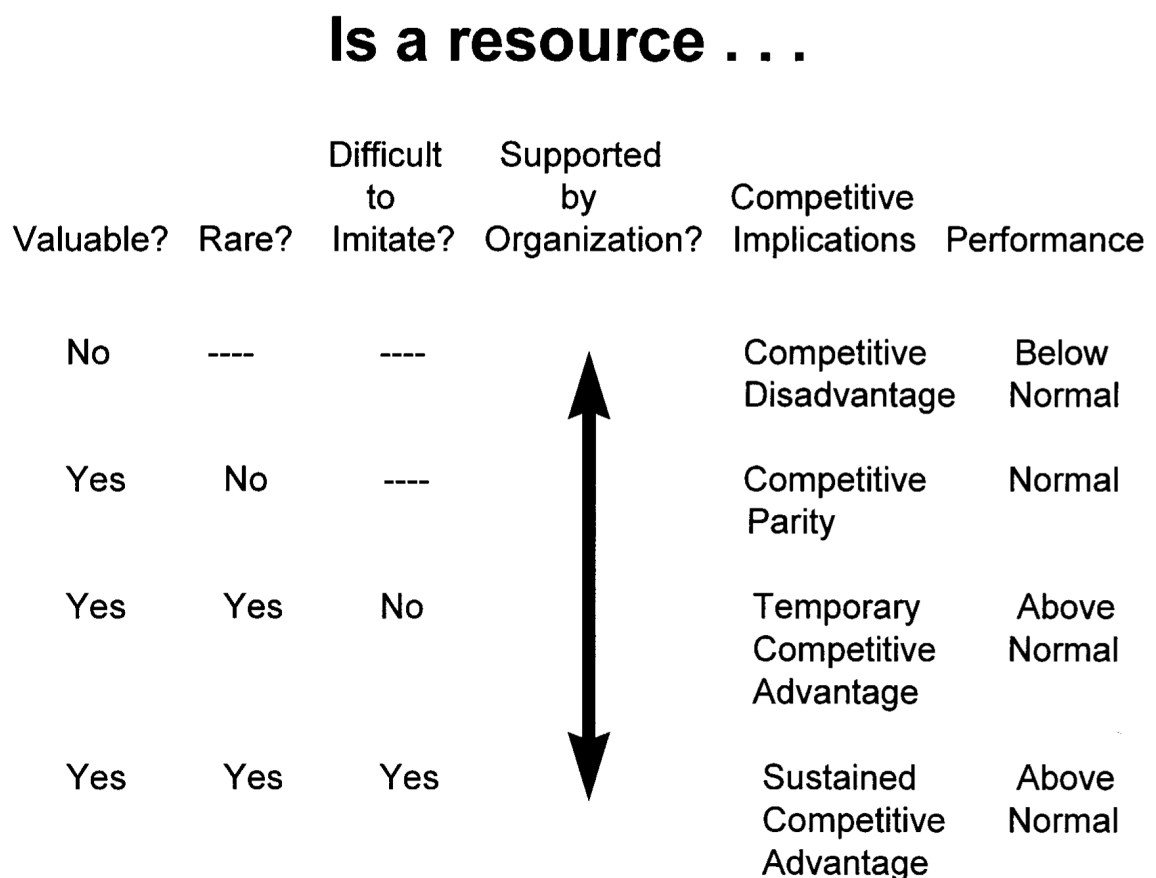


Figure 3, the VRIO framework (Barney 1997)

According to the VRIO framework, for strategic e-HRM to create sustainable advantage it needs to be valuable, rare and difficult to imitate (Barney 1997, 163). Firstly, the system needs to create *value*, which can be achieved when all of the user groups acknowledge the usefulness of the system (Bondarouk and Ruël, 2009). Secondly, the system need to be *rare*, which can be achieved through developing the system to the specific environment and for the specific users (Jiang and Messersmith, 2018). Thirdly, the system needs to be *difficult to imitate*, which can be achieved through placing the users in the centre of the adoption and development of the system (Bondarouk and Brewster, 2016) as well as connecting and letting the system to evolve with other company functions (Delery and Roumpi, 2017; Henry, interview 2018).

### 2.2.3 Open strategy (OS) and SHRM

During the past years so called open strategy (OS) development has been in the interest of top management and IS researchers (Tavakoli et al., 2015). As a more proactive and independent approach is expected from the employees in the current working world, OS could be part of the solution of making e-HRM more strategic. In a nutshell the idea of open strategy is to give an opportunity for a wide range of participants to contribute to the strategy creation and implementation (Tavakoli et al., 2015). Even though the decision-making processes with OS approach can be longer and heavier, the strategy implementation and end results often compensate for the used planning time (Hutter et al., 2017). The strategy research field has a consensus on the fact that completely ignoring participation often leads to severe problems in implementation (Mantere and Vaara, 2008). While the participants of OS creation can be both internal (company employees) and external (customers, business partners etc.), I will limit my observations only on internal participants to support the idea of strategizing the HRM function through ICT systems.

Apart from broad participation, in order for OS to be functional and effective it requires transparency and well-functioning ICT systems. Transparency allows the other users to see the inputs, and share their thoughts and development ideas about them, while well-functioning ICT systems enable the participation of masses (Tavakoli et al., 2015). While participation in OS platform often leads to a stronger feeling of community and organisational commitment, it has been shown that active commenting and evaluating other peoples ideas leads to even better results (Hutter et al., 2017). This finding is in line with Stone and Lukaszewski's (2009) findings of the positive effects of two-way communication in e-HRM systems acceptance and (Mantere and Vaara, 2008) request

for more effective and inclusive discourse.

Strategy work is traditionally mystified and kept as an exclusive top management task, which often leads to frustrations and lesser commitment on the middle manager level as their ideas and suggestions are not taken into account (Mantere and Vaara, 2008). That being said, it is logical to assume that greater involvement of the employees and line managers to the strategy planning could lead to more motivated workforce and better overall results (Hutter et al., 2017; Martela and Jarenko, 2015). Enabling participation in strategic planning could be one way to modernise the HRM function called for by the researchers (Bondarouk and Ruël, 2009; Henry, interview 2018; Mumford et al., 2002).

### **2.3 Autonomous work in relation to e-HRM and SHRM**

In this section I will present some of the ideas discussed in the research fields of creativity and intrinsic motivation in autonomous working environments, which are the crucial components of a high level performance and innovation (Quinn et al., 1996). Illustration of the cause and effect is presented in Figure 4. While independent and proactive ways of working are increasingly in demand in the modern organisations (Martela and Jarenko, 2015), the research on creativity and intrinsic motivation should not be ignored. As the research scope is limited, the overview is somewhat brief and narrow, mainly focusing on leading the autonomous workforce to reach the benefits of self-motivated creativity.



Figure 4, Employee autonomy leading to organisational success

In the era of globalization, rapidly evolving production techniques and constant technological change, autonomous and flexible ways of working including creativity and innovation are much-appreciated assets (Quinn et al., 1996). Leaders on different levels of the organisation have the most influence on facilitating the said qualities (Mumford et al., 2002), and as the modern e-HRM systems are created to support the leaders in their strategic work, the e-HRM systems should facilitate the management of self-motivated creativity as well. According to Quinn et al. (1996), autonomous groups equipped with self-motivated creativity often outperform groups with better resources. Reflecting on the VRIO framework (Barney 1997), being able to promote self-motivated creativity through e-HRM systems could certainly offer a change for developing sustainable competitive advantage.

Even though top leaders and HRM professionals acknowledge the value of creativity and intrinsic motivation at work, their actions more often kill the creativity than enhance it (Amabile, 1998). According to Quinn et al. (1996), especially top professionals possessing high levels of professional intellect often hesitate in subordinating themselves to a strict hierarchy, thus losing their intrinsic motivation in such environments. Gagné and Deci, (2005) summarise that according to several studies about self-determination theory, intrinsic motivation is best achieved by feelings of competence and autonomy. As this research concentrates on strategic e-HRM of autonomous workforce, understanding the development of intrinsic motivation is essential. Creativity, on the other hand, is a sum of expertise, creative thinking skills and motivation, of which the latter is easiest to affect by management practises (Mumford et al., 2002). In this, providing challenge, freedom, diverse working groups, supervisory encouragement and organisational support are the most effective and accessible tools (Amabile, 1998).

Since the high-level autonomous work is at most times complex, demanding and time consuming, strong intrinsic motivation is essential (Mumford et al., 2002). As strict management and hierarchy is not the most effective way of leadership in a modern and dynamic environment, organisations need to trust the employees' motivation in being proactive and taking action (Martela and Jarenko 2015, 20; Wright and McMahan, 2011). Intrinsically motivated employees take action for the cause, and extrinsic rewards become secondary source of motivation (Gagné and Deci, 2005). As a result, the professionals driven with self-motivated creativity tend to have their identity bound up in the work being done, so opportunities for professional achievement and



recognition tend to be powerful motivators for such employees (Mumford et al., 2002).

Human capital cannot be separated from the individual in the way that financial and physical assets can be separated. While trying to bring the best out of their workforce, leaders need to acknowledge the fact that the use of human capital always starts with the motivation of the individual (Wright and McMahan, 2011). This is especially true when managing top professionals with high professional intellect and strong need for autonomy (Quinn et al., 1996). To motivate the use of creativity, one has to remember that it does not flourish under strict rules and hierarchy, but tends to need a significant amount of freedom (Mumford et al., 2002). That being said, leaders should guide *what* goals to achieve, but not *how* to achieve them (Amabile, 1998). Based on the statements presented in the literature of intrinsic motivation and creativity, autonomous working environments enable innovation and proactive way of working. These qualities are crucial for the organisational success in the modern, dynamic economic situation (Quinn et al., 1996).

### **3 Methodology**

The methods of this research consist of two parts, literature review and interviews. The literature review was divided roughly in three main areas: e-HRM, SHRM and leading autonomous workforce. A few articles on the crossover of the three areas above were found and addressed. Most of the source material used in the literature review are scientific, highly cited articles found either in Scopus or Google Scholar database. As suggested by the research profiling assignment performed for this thesis, Tanya V. Bondarouk is one of the most active and highly cited in the field of e-HRM, and her articles play a central role in this research.

I complement the literature review with three interviews to gain more understanding in the real life cases of the corporate world. I have chosen the interviewees to represent different sides of the issue: top management, the HRM function and the e-HRM point of view. All of the interviewees have respectful amount of experience in several companies, which enables getting a comprehensive picture of the field. The interview questions (see the appendix) were the same for all of the interviewees and were sent to them before the interview.

While analysing the collected information I have taken into account the context and the time when the information was provided. I have also collected several different sources to support the most fundamental points in this paper, to avoid misconceptions and too broad generalisations.

## 4 Interviews

The three interviewees were chosen to represent different sides of the issue. Sirpa Laakso (MSc Econ.) represents the HRM point of view with experience from several HRM positions and currently working as specialist in the Finnish Institution of Occupational Health. She has over 20 years of experience in areas of HRM and leading transformational changes in job satisfaction and wellbeing. Her strengths are developing the dialogical and supporting leadership style, especially through engaging the employees in the development of the work and the culture. Hery Christian Henry (MSc Econ.) represents the top management point of view with experience in leading strategic change in different companies due to his experience as a team leader in management consulting (Deloitte) and current position as an executive director in Wipak. Apart from this Henry is a founder, co-owner and CEO of an international dance organisation Danceteam International. Eeva Koskinen (MSc Econ.) elaborates the trends and success stories in strategic e-HRM, as she works as a global Director of HR systems in Valmet and has especially focused on strategizing the HRM functions through different ICT platforms.

I have chosen the complementary views for the interviews to gain a deeper understanding on the emerging problems and opportunities while bringing HRM and strategic management closer to each other through e-HRM systems. In addition to the literature review, I seek for more concrete insight on how the current e-HRM systems actually work in different organisations and how they influence the different user groups, as this kind of practical research is not widely available. All of the interviewees were asked the same questions and the questions were sent to the interviewees prior to the separate interviews. The actual interview session was performed in person with Sirpa Laakso and over the phone with Hery Christian Henry and Eeva Koskinen.

### 4.1.1 Current e-HRM systems

The first observation that became clear in the interviews with Laakso and Henry was that the current e-HRM systems cause a large amount of frustration among different user groups. Henry emphasizes the frustration from the managerial position and expresses that in his experience the e-HRM systems just seem to bring more work to the managers, instead of making the work easier. Laakso, on the other hand, underlines the lack of user friendliness as well as the complications in having to use several different e-HRM systems. Both views clearly back up the statement that in order for e-

HRM to be successful, all of the user groups need to acknowledge its usefulness (Bondarouk and Ruël, 2009). Koskinen, on the other hand, comments that with careful planning and simplification of the e-HRM systems, good results could be achieved. She points out that when the system is constructed with the end user in mind and has only the necessary functions, the use should be so effortless that the system becomes almost invisible to the users. According to Laakso and Henry, some attempts to combine the different systems have been seen, but most organisations still seem to have a separate system for all of the different functions, such as payroll, travelling expenses, recruitment etc. Koskinen opens the idea of a successfully implemented e-HRM system in Valmet, by explaining that the user view should contain only the necessary information to the specific user and no 'nice to know' information, to keep it as simple and straightforward as possible. She points out that HRM professionals should not be planning the system to their own needs, but to the needs of the end user, such as the line managers.

Laakso agrees with the point of Francis et al. (2014) about e-HRM moving some of the administrative workload to the line managers and employees, but does not necessarily see the change in negative light. She emphasizes that while more of the people-based leadership is moved to the line managers' shoulders along with the administrative HRM tasks, the HRM function should play a strong role in offering training and support. Henry's comment on the role of HRM as a supporting function for the mid-level managers points to the same direction. "HRM doesn't lead people, HRM should help managers to lead people", he says and reminds that mid-level managers are the only ones who can actually know their employees, their skill sets, fears and dreams. Koskinen sees a lot of opportunities in strategic e-HRM when the amount of administrative work decreases. She explains that with the data collected through the e-HRM system, the HRM professionals can perform comprehensive analysis of the workforce, company's skill profile and headcount development, and thus better contribute to strategic decision-making in the top management meetings.

The discussion with Laakso reveals that while the role of mid-level managers is changing to more human-based leadership, the recruitment processes and interest in the recruitment of mid-level managers needs serious restructuring. Even though Laakso thinks that moving some of the administrative HRM work to the mid-level managers is necessary, she admits that managers are often reluctant in taking on this 'extra work'. In line with this, Henry expresses his frustration with the lost time that is used to filling information in the e-HRM systems. To tackle this issue, Laakso requests

for people-based goals set by the top management, for the mid-level managers. “As long as the goals are tied to production amounts and cost savings, the mid-level managers will not have interest in the people perspective”, she says. Henry comments along the same lines that because managers’ targets are often short-sighted, HRM tasks feel annoying and time consuming. Koskinen then again emphasises the planning and implementation of the e-HRM systems and recalls for more attention in the needs of the end user.

As positive sides of the current e-HRM systems Laakso mentions effortlessness in approving different forms and requests, as well as their automatic reminders about upcoming development discussions and notifications if some of the employees show signs of burn out, such as excessive absence. Laakso mentions a successful e-HRM system in Vincit, which provides a channel for two-way communication and serves as a portal for requesting training and support for people in managerial positions when needed.

#### 4.1.2 Strategizing the HRM

All of the interviewees agree that the HRM profession needs a fresh touch and significant restructuring. Laakso points out that HRM professionals might be reluctant in giving away the administrative role as they are used to controlling the information, and through that, having the power on people. She emphasizes that as the future work is more about getting things done and less about spending a certain amount of hours at the workplace, the traditional kind of control on HRM is simply not needed anymore. Koskinen comments along the same lines that the HRM professionals need to take an active role in leading the change, and breaking the out-dated procedures. Henry agrees on the important role of HRM but disagrees with the ways it is currently performed. He calls for more HRM professionals in the top management groups and meetings, equipped with more comprehensive view on the organisation’s strategy. Laakso agrees and underlines that for HRM function to truly fulfil its strategic role, HRM professionals need to take step backwards and look at the larger picture. She reminds that HRM professionals need to understand that their role is to take care of the organisation’s most valuable asset, the human capital. Koskinen offers a solution to seeing the big picture through the data provided by the e-HRM systems and believes that when closely tied to the organisation’s strategy, the new kind of HRM function can be truly strategic.

According to Laakso, one of the most important tasks for SHRM is to create, maintain

and lead the company culture. The culture should be tied to the organisation's strategy through values, vision and mission. In order to achieve the vision, the workforce needs to be motivated and in good health both physically and psychologically. Henry, on the other hand, calls for more active participation and involvement from the HRM professionals to the daily business, instead of creating separate processes and programmes. This is in line with Koskinen's comments about making the HRM about the people, instead of the HRM professionals themselves.

Koskinen recognises the reluctance of the top management in considering the HRM function as a strategic partner. She offers solutions through straightforward numeric analysis and suggestions and encourages the HRM professionals to actively push their agenda in the top management meetings. Laakso comments along the same lines that for the organisation's top management to see the HRM function as a strategic partner, HRM needs to be able to see the larger picture, understand the strategy and the business case, as well as present the information in a way that makes sense to the top leaders. Simply talking in broad terms of job satisfaction and wellbeing will not be enough, but presenting the HRM information in a specific and numeric way is essential.

#### 4.1.3 Using e-HRM as a facilitator in developing SHRM

Laakso sees possibilities in strategizing the e-HRM in two main directions. Firstly, in developing the culture and offering continuous support for the mid-level managers and employees, and secondly by transforming the HRM information into a more understandable form for organisation's top leaders. She also acknowledges the strategic possibilities created by the analysis of big data found from the e-HRM systems. Koskinen gives valuable insight on how the data analysing process can actually help in strategic decision through an example: With the information and analysis provided by the e-HRM system, the company could take a more proactive attitude in recruiting and skill management while expanding to the new market or initiating new projects, and thus to provide the company with the best kind of skills in the right place at the right time. This becomes especially essential in multinational companies when the market environment is expecting fast adaptation but the workforce is spread all around the world.

Henry sees potential in building new project teams through e-HRM systems, where managers could review the employees' preferences, skills and experiences. He reminds that apart from skills and experience, many non-countable things such as work

motivation and personality aspects account for a large part for the productivity of teams. He hopes that future e-HRM systems could offer support in evaluating the possible team members in more depth.

Laakso reminds that while developing new e-HRM processes, the attention easily slips to the process itself, instead of keeping the strategy in the focus of the discussion. According to Laakso, any actions taken by HRM professionals, including implementation of e-HRM, should be tied to the strategy and to the people. Henry and Koskinen back up this view by reminding that using the system should not become the intrinsic value, but strategy and people should be kept in the centre of the attention. Henry also reminds that before introducing any e-HRM systems, the HRM strategy needs to be reviewed and constantly updated with the organisation's strategy.

Laakso notes that while some people fear the alienation and loss of human touch in e-HRM systems, it is possible to build the systems to be truly supportive and personalised. According to her, positive experiences in offering support and influencing the individuals' behaviour and engagement through online communication have been gained in the area of depression treatment for the young generation. The main drivers in achieving the positive effect were peer support, sense of community and continuous support. Even though the field of depression treatment is very different from the SHRM, Laakso believes that introducing the same drivers could lead to good results. Koskinen recognises the need for face-to-face communication as important part of trust building and the adaptation process of the new employees. She also underlines that constructive feedback should always be given in person, to avoid alienation and misunderstandings.

According to Henry, in order for e-HRM systems to be truly strategic they need to be easy to use and always available. All the info and tasks should be under the same login and the user interface should be intuitive and mobile friendly. In addition, he calls for more support for mid-level managers in HRM-related tasks, which could be achieved through e-HRM systems as suggested by Laakso. Koskinen reminds that in the current working world people rarely spend the whole day in the office by their working station, and thus sees the mobile friendly e-HRM applications as important part of the successful implementation.

## 5 Results

The goal of this thesis was to analyse the strongest trends of SHRM and discuss how e-HRM could support the presented goals and ideas in an organisation with a highly autonomous workforce. To gain deeper understanding on the themes presented, research on areas of e-HRM, SHRM and leading autonomous work was performed. In this section I will present the findings from the literature review and the interviews conducted.

Both the literature review and the interviews support the argument that the HRM function and top management are moving closer to each other. While HRM is evolving to a more strategic direction and away from administrative tasks, the top management has recognized the value of human capital as the organisation's most valuable asset (Boon et al., 2018; Mantere and Vaara, 2008). Based on the interviews it seems that even though the main goal for HRM and top management is the same (to make HRM more strategic, possibly through e-HRM systems), their approach to the problem is very different. This leads to frustrations on both sides. (Henry, interview 2018; Laakso, interview 2018). However, Valmet seems to have found ways of providing value to both sides of the discussion, as long as the HRM professionals are ready to take on the renewed role (Koskinen, interview 2018). In continuation I aim to answer the research questions presented in the beginning of the research thesis, based on the literature review and the interviews.

### **1. What are the biggest issues in the current e-HRM systems and how could they be addressed?**

While introducing a e-HRM system in an environment of autonomous and creative workforce, the worry is oftentimes the possible alienation and loss of human touch (Stone and Lukaszewski, 2009). Keeping this in mind, the most efficient ways of influencing human behaviour and involvement through online systems should be taken into account while developing strategic e-HRM. Researched and successful practises seem to be two-way communication, message personalisation and information richness as well as creating a sense of community and offering continuous support (Laakso, interview 2018; Stone and Lukaszewski, 2009; Amabile, 1998). Even though many of the HRM functions can be digitalised, some parts such as initiation of new employee



relationship and giving constructive feedback should be performed through the traditional means of communication to maintain the human connection (Koskinen, interview 2018).

## **2. What are the strongest trends in the area of SHRM?**

As the workforce is increasingly autonomous and creative, mid-level managers need to take on the supporting role of HRM personnel and some of the administrative HRM tasks (Laakso, interview 2018). This enables the HRM personnel to take a step backwards and see the bigger picture, thus being better partners for the top management in strategic decision making (Henry, interview 2018; Laakso, interview 2018; Koskinen interview 2018; Martela and Jarenko, 2015). Even though through ICT systems the HRM function moves further from the administrative tasks and one-on-one leadership, mid-level managers should not be left without support (Stone and Lukaszewski, 2009; Laakso, interview 2018; Henry, interview 2018; Bondarouk and Brewster, 2016). The future HRM function is also expected to take more action in participating in the management meetings and presenting the HRM information in a way that is easily understandable and tied to the organisation's strategy (Koskinen, interview 2018).

## **3. How can e-HRM make the HRM more strategic in autonomous working environments?**

While mid-level managers' roles are expected to change, the HRM function needs serious restructuring as well (Bondarouk and Ruël, 2009; Henry, interview 2018; Mumford et al., 2002; Laakso, interview 2018; Koskinen, interview 2018). In this, e-HRM seems to be a valuable tool, as a carefully developed e-HRM system can offer more flexibility and facilitate the planning as well as the implementation of organisation's strategy (Laakso, interview 2018, Koskinen interview 2018). One emerging concept connecting ICT systems and strategy is open strategy (Tavakoli et al., 2015), which could possibly be integrated in the e-HRM system, offering a possibility for employees in all levels of the organisation to contribute to the strategy planning (Henry, interview 2018; Laakso, interview 2018). OS together with e-HRM could provide the company with sustainable competitive advantage, as the value created through people is difficult to copy (Barney, 1997)

It should be remembered that people and strategy should always be placed at the centre

of discussions while aiming of developing strategic e-HRM (Henry, interview 2018; Laakso, interview 2018, Koskinen, interview 2018). As the role of SHMR is to find ways to facilitate the dialogue between mid-level managers, employees and top management, instead of creating more tasks and heavy processes (Francis et al., 2014; Henry, interview 2018; Laakso, interview 2018). There is no 'best practise' for developing a strategic e-HRM system, but tailoring the system to the needs of the strategy and the people involved, as well as simplifying the user interface could be mentioned as good guidelines (Henry, interview 2018; Jiang and Messersmith, 2018; Laakso, interview 2018, Koskinen, interview 2018).

While creating a people-centred, user-friendly and strategic e-HRM might not be an easy task, companies should remember that to maintain the competitive advantage, the processes needs to be valuable, rare and difficult to imitate (Barney 1997; 163). In case of strategic e-HRM systems the only sustainable way to achieve this seems to be by placing the people and strategy in the centre of the development, as suggested by the OS model (Tavakoli et al., 2015) and the VRIO framework (Barney 1997; 163). The HRM function needs to learn to acknowledge the people as active agents in the development of the strategy and e-HRM systems for this to work (Laakso, interview 2018).

The AMO model (Appelbaum et al., 2000) suggests that the ability, opportunity and motivation are the most important mediating mechanisms in HRM and organisation's performance. Then again it has been argued that to effectively lead autonomous work, expertise, creative thinking skills and motivation are needed (Amabile, 1998). Taking these aspects into account, strategic e-HRM systems in autonomous working environments should:

1. Facilitate relevant training (*ability* and *expertise*)
2. Be user friendly and intuitive (*opportunity*)
3. Create sense of support and community by enabling two-way communication (*creativity* and *opportunity*)
4. Effectively lead intrinsic motivation in creative employees (by offering sense of *competence* and *autonomy*).

## **6 Discussions and conclusions**

Based on this research, it seems that the developers of strategic e-HRM systems often forget that the system is supposed to be a tool that facilitates the communication between the user groups and organisation-wide implementation of the strategy. Strategic e-HRM systems should be flexible and constantly evolving, according to the changes in strategy and their user groups. While addressing the aspects of motivation, it seems easy to get lost in the idea of getting people motivated to use the programme, when in reality the programme should motivate the people to implement the company's strategy. I believe that simply listening to the different user groups, and taking on a user-centred approach, good results could be achieved. Even the most sophisticated ICT systems are useless if the users do not acknowledge their value.

While developing an e-HRM system for an environment of autonomous workforce, it should be remembered that top professionals with self-motivated creativity often have their identity bound up in the work (Mumford et al., 2002). Reflecting on this notion, rewarding systems could be planned to offer recognition and sense of personal achievement instead of only concentrating on monetary rewards. As presented in the literature review and interviews, highly autonomous employees often get frustrated and lose their motivation if they feel restricted. One concrete way to enable more freedom is to make sure the e-HRM applications are mobile friendly and pleasant to use, as suggested by Koskinen. Also the chance of active participation offered through variations of open strategy, could positively affect the intrinsic motivation of highly autonomous professionals.

Mid-level managers seem to be in the centre of attention in the discussion of e-HRM and strategy, as they are the ones actually taking on the administrative work and implementing the strategy at grassroots level. It would be interesting and valuable for the field to ask them what they think and how e-HRM could help their work in relation to implementing the organisation's strategy. SHRM is taking steps towards more integrated actor in all of the organisation's functions through e-HRM, instead of being a completely separate function.

The growing pains in adapting the SHRM function to the era of online communication are certainly not over, and a lot more research is needed about the effects of e-HRM systems on autonomous workforce. As stated before, strategy, HRM and leading autonomous employees are definitely getting closer to each other, and the future

challenges evolve around the mediating mechanisms as well as building a flexible e-HRM system to support these all.

## **6.1 Limitations and future research**

In this thesis I have based my arguments on scientific articles, conference papers and books as well as interviews on HRM, e-HRM and top management. This approach clearly leaves out the employee perspective and user experience, which is, as mentioned several times, a crucial part in the implementation of a successful and truly strategic e-HRM system. On one hand this is because academic, practical research about the employee side of the strategic e-HRM systems is not available. On the other hand, the bachelors' thesis format sets its limitations on the time and resources used.

It should also be remembered that different cultural contexts were not taken into account in this research, because the literature used and interviewees represent the so-called 'western' working culture. The companies addressed in the current research are mostly medium sized and large, which of course leaves out the possible interesting findings in smaller companies.

It would be valuable for the research field of strategic e-HRM to have more evidence in practise on how the e-HRM systems actually enable SHRM. Young voices from the working world were also absent in this study as they were not included in the interviews nor widely addressed in the articles. Interviewees from the areas of HRM, e-HRM and top management were represented, but this research is missing the ICT point of view. Having one ICT professional as an interviewee would have given more insight on the limitations and possibilities of developing adaptable ICT systems. Cross-disciplinary studies about the effect of strategic e-HRM systems are needed to gain deeper understanding on the views and experiences of different user groups, as well as more practical approach to the user interface.

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## **Interviews**

Henry, H.C., 30.3.2018, phone interview  
Laakso, S., 4.4.2018 face-to-face interview  
Koskinen, E., 4.5.2018 phone interview

## **Appendix 1, interview questions:**

1. What are the pros and cons of the currently used e-HRM systems?
2. Have you noticed any negative effects on the employee performance after introducing e-HRM systems? How about positive effects?
3. How does the current HRM function fulfil its claimed strategic role?
4. How the cooperation between the HRM function and company’s top management could be improved in order to achieve the strategic goals?
5. How can HRM reach its highest potential as a strategic partner?